

AMENDED IN ASSEMBLY JUNE 17, 2010

AMENDED IN SENATE APRIL 22, 2010

AMENDED IN SENATE APRIL 12, 2010

**SENATE BILL**

**No. 1392**

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**Introduced by Senator Steinberg**

February 19, 2010

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An act to amend Sections ~~50408 and 53545~~ of the Health and Safety Code, relating to housing, ~~5713 and 5813.5 of, and to add Section 5784 to, the Welfare and Institutions Code, relating to mental health, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1392, as amended, Steinberg. ~~Housing and Emergency Shelter Trust Fund Act of 2006.~~ *Mental health: community mental health services.*

*Existing law, the Bronzan-McCorquodale Act, contains provisions governing the operation and financing of community mental health services for the mentally disordered in every county through locally administered and locally controlled community mental health programs.*

*Under existing law, the State Department of Mental Health is allowed to advance, in equal monthly increments, up to 95% of the annual funds due to community mental health programs.*

*This bill would remove the restriction to 12 monthly installments and a maximum of 95% for advances.*

*Existing law, the Mental Health Services Act, an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, establishes the Mental Health Services Fund to fund various county mental health programs. The act may be amended*

*by the Legislature only by a  $\frac{2}{3}$  vote of both houses and only so long as the amendment is consistent with and furthers the intent of the act. The Legislature may clarify procedures and terms of the act by majority vote.*

*Existing law requires the distribution of funds for the provision of specified services, subject to the availability of funds in the Mental Health Services Fund.*

*This bill would provide that the distribution of funds for services provided be on a monthly basis.*

*Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which basic health care services, including mental health services are provided to qualified low-income persons. The Medi-Cal program is partially governed and funded under federal Medicaid provisions.*

*This bill, as of July 1, 2011, would establish and continuously appropriate, without regard to fiscal year, to the State Department of Health Care Services, the Specialty Mental Health Services Federal Trust Fund, which would consist of federal funds that may be use to facilitate continuity of care for specialty mental health services provided to adults who are Medi-Cal beneficiaries. The bill would require moneys in the fund to be distributed by the State Department of Health Services to community mental health programs based on adjudicated claims.*

~~Existing law establishes the Department of Housing and Community Development within the Business, Transportation and Housing Agency, and requires the department, on or before December 31 of each year, to submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department. Existing law also requires that, as part of the annual report, the department include information on the expenditure and allocation of certain funds made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2006.~~

~~This bill would expand the scope of the department's reporting requirement with respect to the funds made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2006, and require the department to include in its annual report for each program it administers with bond act funds specified information relating to the awarding and disbursement of these funds.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. The Legislature hereby finds and declares all of*  
2 *the following:*

3     *(a) In recent years, community mental health services, which*  
4 *are administered by the counties, have experienced sharp budget*  
5 *reductions.*

6     *(b) These reductions have exacerbated emergency room*  
7 *overcrowding, with mental health clients in crisis showing up in*  
8 *emergency rooms instead of at mental health programs.*

9     *(c) Numerous recent audits of the state's administration of*  
10 *mental health funds by the federal Centers for Medicaid and*  
11 *Medicare Services, conducted in 2008 and 2010, revealed state*  
12 *noncompliance with federal cost reporting requirements.*

13     *(d) Moreover, in 2007, a state audit by the Department of*  
14 *Finance, Office of State Audits and Evaluations unearthed*  
15 *deficiencies in the claims processing process for federal Medicare*  
16 *funds for mental health.*

17     *(e) This act is necessary to facilitate the efficiency and cost*  
18 *effectiveness of community mental health services and to prevent*  
19 *avoidable future county budget cuts to mental health.*

20     *SEC. 2. Section 5713 of the Welfare and Institutions Code is*  
21 *amended to read:*

22     5713. Advances for funding mental health services may be  
23 made by the Director of Mental Health from funds appropriated  
24 to the department for local mental *health* programs and services  
25 specified in the annual Budget Act. ~~Any advances~~ Advances made  
26 pursuant to this section shall be made in the form and manner the  
27 Director of Mental Health shall determine. When certified by the  
28 Director of Mental Health, advances shall be presented to the  
29 Controller for payment. Each advance shall be payable from the  
30 appropriation made for the fiscal year in which the expenses upon  
31 which the advance is based are incurred. ~~The advance may be paid~~  
32 ~~monthly in 12 equal increments but the total amount advanced in~~  
33 ~~one fiscal year shall not exceed 95 percent of the county's total~~  
34 ~~allocation for that year.~~

35     *SEC. 3. Section 5784 is added to the Welfare and Institutions*  
36 *Code, to read:*

37     5784. (a) *Effective July 1, 2011, the Specialty Mental Health*  
38 *Services Federal Trust Fund is hereby created in the State*

1 *Treasury. Notwithstanding Section 13340 of the Government Code,*  
2 *the Specialty Mental Health Services Federal Trust Fund is hereby*  
3 *continuously appropriated to the State Department of Health Care*  
4 *Services, without regard to fiscal year.*

5 *(b) The fund consists of federal funds that may be used to*  
6 *facilitate continuity of care for specialty mental health services*  
7 *provided to adults who are Medi-Cal beneficiaries.*

8 *(c) Moneys in the fund shall be distributed by the State*  
9 *Department of Health Care Services to community mental health*  
10 *programs based on adjudicated claims and in accordance with*  
11 *the requirements of federal law and the State Department of Health*  
12 *Care Services, the state's designated Medicaid entity.*

13 *SEC. 4. Section 5813.5 of the Welfare and Institutions Code*  
14 *is amended to read:*

15 5813.5. Subject to the availability of funds from the Mental  
16 Health Services Fund, the State Department of Mental Health shall  
17 distribute funds for the provision of services under Sections 5801,  
18 5802 and 5806 to county mental health programs *on a monthly*  
19 *basis*. Services shall be available to adults and seniors with severe  
20 illnesses who meet the eligibility criteria in subdivisions (b) and  
21 (c) of Section 5600.3 of the Welfare and Institutions Code. For  
22 purposes of this act, seniors means older adult persons identified  
23 in Part 3 (commencing with Section 5800) of this division.

24 (a) Funding shall be provided at sufficient levels to ensure that  
25 counties can provide each adult and senior served pursuant to this  
26 part with the medically necessary mental health services,  
27 medications and supportive services set forth in the applicable  
28 treatment plan.

29 (b) The funding shall only cover the portions of those costs of  
30 services that cannot be paid for with other funds including other  
31 mental health funds, public and private insurance, and other local,  
32 state and federal funds.

33 (c) Each county mental health programs plan shall provide for  
34 services in accordance with the system of care for adults and  
35 seniors who meet the eligibility criteria in subdivisions (b) and (c)  
36 of Section 5600.3.

37 (d) Planning for services shall be consistent with the philosophy,  
38 principles, and practices of the Recovery Vision for mental health  
39 consumers:

1 (1) To promote concepts key to the recovery for individuals  
2 who have mental illness: hope, personal empowerment, respect,  
3 social connections, self-responsibility, and self-determination.

4 (2) To promote consumer-operated services as a way to support  
5 recovery.

6 (3) To reflect the cultural, ethnic and racial diversity of mental  
7 health consumers.

8 (4) To plan for each consumer's individual needs.

9 (e) The plan for each county mental health program shall  
10 indicate, subject to the availability of funds as determined by Part  
11 4.5 (commencing with Section 5890) of this division, and other  
12 funds available for mental health services, adults and seniors with  
13 a severe mental illness being served by this program are either  
14 receiving services from this program or have a mental illness that  
15 is not sufficiently severe to require the level of services required  
16 of this program.

17 (f) Each county plan and annual update pursuant to Section  
18 5847 shall consider ways to provide services similar to those  
19 established pursuant to the Mentally Ill Offender Crime Reduction  
20 Grant Program. Funds shall not be used to pay for persons  
21 incarcerated in state prison or parolees from state prisons.

22 (g) The department shall contract for services with county  
23 mental health programs pursuant to Section 5897. After the  
24 effective date of this section the term grants referred to in Sections  
25 5814 and 5814.5 shall refer to such contracts.

26 ~~SECTION 1. Section 50408 of the Health and Safety Code is~~  
27 ~~amended to read:~~

28 ~~50408. (a) On or before December 31 of each year, the~~  
29 ~~department shall submit an annual report to the Governor and both~~  
30 ~~houses of the Legislature on the accomplishments and operations~~  
31 ~~during the previous fiscal year of the housing programs~~  
32 ~~administered by the department, including, but not limited to, the~~  
33 ~~Emergency Housing and Assistance Program and Community~~  
34 ~~Development Block Grant activity.~~

35 ~~(b) The report shall include all of the following information:~~

36 ~~(1) The number of units assisted by those programs.~~

37 ~~(2) The number of individuals and households served and their~~  
38 ~~income levels.~~

39 ~~(3) The distribution of units among various areas of the state.~~

~~(4) The amount of other public and private funds leveraged by the assistance provided by those programs.~~

~~(5) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups.~~

~~(6) The information required to be reported pursuant to Section 17031.8.~~

~~(7) The information required to be reported pursuant to Section 53545.~~

~~SEC. 2. Section 53545 of the Health and Safety Code is amended to read:~~

~~53545. The Housing and Emergency Shelter Trust Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter over the course of the next decade. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:~~

~~(a) (1) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Affordable Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the money in the account shall be continuously appropriated in accordance with the following schedule:~~

~~(A) (i) Three hundred forty-five million dollars (\$345,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The priorities specified in Section 50675.13 shall apply to the expenditure of funds pursuant to this clause.~~

~~(ii) Fifty million dollars (\$50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause by July 31, 2011, shall revert for general use in the Multifamily Housing Program unless~~

1 the department determines that funds should revert sooner due to  
2 diminished demand.

3 ~~(B) One hundred ninety-five million dollars (\$195,000,000)~~  
4 ~~shall be transferred to the Housing Rehabilitation Loan Fund to~~  
5 ~~be expended for the Multifamily Housing Program authorized by~~  
6 ~~Chapter 6.7 (commencing with Section 50675) of Part 2, to be~~  
7 ~~used for supportive housing for individuals and households moving~~  
8 ~~from emergency shelters or transitional housing or those at risk of~~  
9 ~~homelessness. The Department of Housing and Community~~  
10 ~~Development shall provide for higher per-unit loan limits as~~  
11 ~~reasonably necessary to achieve housing costs affordable to those~~  
12 ~~individuals and households. For purposes of this subparagraph,~~  
13 ~~“supportive housing” means housing with no limit on length of~~  
14 ~~stay, that is occupied by the target population, as defined in~~  
15 ~~subdivision (d) of Section 53260, and that is linked to onsite or~~  
16 ~~offsite services that assist the tenant to retain the housing, improve~~  
17 ~~his or her health status, maximize his or her ability to live, and,~~  
18 ~~when possible, work in the community. The criteria for selecting~~  
19 ~~projects shall give priority to:~~

20 ~~(i) Supportive housing for people with disabilities who would~~  
21 ~~otherwise be at high risk of homelessness where the applications~~  
22 ~~represent collaboration with programs that meet the needs of the~~  
23 ~~person’s disabilities.~~

24 ~~(ii) Projects that demonstrate funding commitments from local~~  
25 ~~governments for operating subsidies or services funding, or both,~~  
26 ~~for five years or longer.~~

27 ~~(C) One hundred thirty-five million dollars (\$135,000,000) shall~~  
28 ~~be transferred to the fund created by subdivision (b) of Section~~  
29 ~~50517.5 to be expended for the programs authorized by Chapter~~  
30 ~~3.2 (commencing with Section 50517.5) of Part 2.~~

31 ~~(D) Three hundred million dollars (\$300,000,000) shall be~~  
32 ~~transferred to the Self-Help Housing Fund created by Section~~  
33 ~~50697.1. These funds shall be available to the Department of~~  
34 ~~Housing and Community Development, to be expended for the~~  
35 ~~purposes of enabling households to become or remain homeowners~~  
36 ~~pursuant to the CalHome Program authorized by Chapter 6~~  
37 ~~(commencing with Section 50650) of Part 2, except ten million~~  
38 ~~dollars (\$10,000,000) shall be expended for construction~~  
39 ~~management under the California Self-Help Housing Program~~  
40 ~~pursuant to subdivision (b) of Section 50696.~~

~~(E) Two hundred million dollars (\$200,000,000) shall be transferred to the Self-Help Housing Fund created by Section 50697.1. These funds shall be available to the California Housing Finance Agency, to be expended for the purposes of the California Homebuyer's Downpayment Assistance Program authorized by Chapter 11 (commencing with Section 51500) of Part 3. Up to one hundred million dollars (\$100,000,000) of these funds may be expended pursuant to subdivision (b) of Section 51504.~~

~~(F) One hundred million dollars (\$100,000,000) shall be transferred to the Affordable Housing Innovation Fund, which is hereby created in the State Treasury, to be administered by the Department of Housing and Community Development. Funds shall be expended for competitive grants or loans to sponsoring entities that develop, own, lend, or invest in affordable housing and used to create pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. Specific criteria establishing eligibility for and use of the funds shall be established in statute as approved by a  $\frac{2}{3}$  vote of each house of the Legislature. Any funds not encumbered for the purposes set forth in this subparagraph within 30 months of availability shall revert to the Self-Help Housing Fund created by Section 50697.1 and shall be available for the purposes described in subparagraph (D).~~

~~(G) One hundred twenty-five million dollars (\$125,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to Chapter 14.5 (commencing with Section 50860) of Part 1. Any funds not encumbered for the purposes set forth in this subparagraph by November 17, 2011, shall revert for general use in the CalHome Program unless the department determines that funds should revert sooner due to diminished demand.~~

~~(H) Fifty million dollars (\$50,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be distributed in the form of capital development grants under the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800) of Part 2 of Division 31. The funds shall be administered by the Department of Housing and Community Development in a manner consistent with the restrictions and authorizations contained in Provision 3 of Item~~



1 ~~2240-105-0001 of the Budget Act of 2000, except that any~~  
2 ~~appropriations in that item shall not apply. The competitive system~~  
3 ~~used by the department shall incorporate priorities set by the~~  
4 ~~designated local boards and their input as to the relative merits of~~  
5 ~~submitted applications from within the designated local board's~~  
6 ~~county in relation to those priorities. In addition, the funding~~  
7 ~~limitations contained in this section shall not apply to the~~  
8 ~~appropriation in that budget item.~~

9 ~~(2) The Legislature may, from time to time, amend the~~  
10 ~~provisions of law related to programs to which funds are, or have~~  
11 ~~been, allocated pursuant to this subdivision for the purpose of~~  
12 ~~improving the efficiency and effectiveness of the program, or for~~  
13 ~~the purpose of furthering the goals of the program.~~

14 ~~(3) The Bureau of State Audits shall conduct periodic audits to~~  
15 ~~ensure that bond proceeds are awarded in a timely fashion and in~~  
16 ~~a manner consistent with the requirements of this subdivision, and~~  
17 ~~that awardees of bond proceeds are using funds in compliance with~~  
18 ~~applicable provisions of this subdivision. The first audit shall be~~  
19 ~~conducted no later than one year from voter approval of this part.~~

20 ~~(b) Eight hundred fifty million dollars (\$850,000,000) shall be~~  
21 ~~deposited in the Regional Planning, Housing, and Infill Incentive~~  
22 ~~Account, which is hereby created in the fund. Funds in the account~~  
23 ~~shall be available, upon appropriation by the Legislature, and~~  
24 ~~subject to such other conditions and criteria as the Legislature may~~  
25 ~~provide in statute, for the following purposes:~~

26 ~~(1) For infill incentive grants for capital outlay related to infill~~  
27 ~~housing development and other related infill development,~~  
28 ~~including, but not limited to, all of the following:~~

29 ~~(A) No more than two hundred million dollars (\$200,000,000)~~  
30 ~~for park creation, development, or rehabilitation to encourage infill~~  
31 ~~development.~~

32 ~~(B) Water, sewer, or other public infrastructure costs associated~~  
33 ~~with infill development.~~

34 ~~(C) Transportation improvements related to infill development~~  
35 ~~projects.~~

36 ~~(D) Traffic mitigation.~~

37 ~~(2) For brownfield cleanup that promotes infill housing~~  
38 ~~development and other related infill development consistent with~~  
39 ~~regional and local plans.~~

1     ~~(e) Three hundred million dollars (\$300,000,000) to be deposited~~  
2     ~~in the Transit-Oriented Development Account, which is hereby~~  
3     ~~created in the fund, for transfer to the Transit-Oriented~~  
4     ~~Development Implementation Fund, for expenditure, upon~~  
5     ~~appropriation by the Legislature, pursuant to the Transit-Oriented~~  
6     ~~Development Implementation Program authorized by Part 13~~  
7     ~~(commencing with Section 53560).~~

8     ~~(d) Two hundred million dollars (\$200,000,000) shall be~~  
9     ~~deposited in the Housing Urban-Suburban and Rural Parks~~  
10    ~~Account, which is hereby created in the fund. Funds in the account~~  
11    ~~shall be available upon appropriation by the Legislature for~~  
12    ~~housing-related parks grants in urban, suburban, and rural areas,~~  
13    ~~subject to the conditions and criteria that the Legislature may~~  
14    ~~provide in statute.~~

15    ~~(e) (1) In its annual report to the Legislature, the department~~  
16    ~~shall include, for each program it administers with funds pursuant~~  
17    ~~to this section, both of the following:~~

18    ~~(A) The amount of funds that were awarded in the prior year~~  
19    ~~on a per-project and aggregate basis.~~

20    ~~(B) The amount of funds that were disbursed in the prior year~~  
21    ~~on a per-project and aggregate basis.~~

22    ~~(2) The department shall make the report available to the public~~  
23    ~~on its Internet Web site.~~